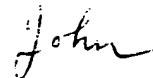


Redacted

We would like to have your opinion as to whether patent claims of meaningful scope could be obtained to protect the system.

Redacted

Sincerely,



John J. Morrissey

cc: R. E. Converse, Jr.
R. Vesper

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Electronic Funds Transfer (EFT) on a Disk Tool for Employer Submission of Child Support Withholdings

Employers are required by law in every state to withhold child support payments from employee wages when so ordered to do so by a court of law or duly authorized administrative agent. The process is characterized by employers who remit support payments in the form of a paper check and supporting paper documentation. In five child support payment processing projects, Lockheed Martin IMS saw an opportunity to convert this paper process to an electronic process using the Federal Reserve's Automated Clearinghouse (ACH) to transfer these payments through the banking system from the employer's bank to the project bank using the common ACH conventions, Cash Concentration and Disbursement (CCD+) and Corporate Trade Exchange (CTX). Initial efforts were unsuccessful because employers did not choose to invest in development of this capability.

Lockheed Martin's patentable idea involved securing dedicated software which would be subsequently given free to any employer who would send payments electronically. By giving the software away free, we actually incur a reduced cost for processing, even after paying all underlying costs. Bottomline Technology's EPIc software was modified for our specific child support purposes and we obtained the exclusive right to distribute the software nationwide. The basic themes include the following:

- in Lockheed Martin IMS projects, the software is distributed free
- in states where Lockheed Martin IMS is not the vendor the software is made available to the state on a transaction fee basis
- the transaction fees are cheaper than transactions can be individually processed by hand

Any employer can use the software who has a PC, a modem and a bank account. Employee data can either be maintained within the software or imported as delimited ASCII or spreadsheet data. Any communication software can be used to send the ACH formatted file to the employer's bank where it is processed through the Federal Reserve to the child support agency bank account.

The process has the potential to reach a broad number of employers of varying sizes. The process is cost effective for Lockheed Martin even for an employer with one employee for whom he withholds. The interesting aspect regarding this process is that it sets the stage for converting the current paper process to a fully electronic one.

John Polk
November 13, 1996

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